

“(II) the return or return information is sought exclusively for use in a Federal investigation, analysis, or proceeding concerning any terrorist incident, threat, or activity.

“(D) SPECIAL RULE FOR EX PARTE DISCLOSURE BY THE IRS.—

“(i) IN GENERAL.—Except as provided in paragraph (6), the Secretary may authorize an application to a Federal district court judge or magistrate for the order referred to in subparagraph (C)(i). Upon such application, such judge or magistrate may grant such order if he determines on the basis of the facts submitted by the applicant that the requirements of subparagraph (C)(ii)(I) are met.

“(ii) LIMITATION ON USE OF INFORMATION.—Information disclosed under clause (i)—

“(I) may be disclosed only to the extent necessary to apprise the head of the appropriate Federal law enforcement agency responsible for investigating or responding to a terrorist incident, threat, or activity, and

“(II) shall be solely for use in a Federal investigation, analysis, or proceeding concerning any terrorist incident, threat, or activity.

The head of such Federal agency may disclose such information to officers and employees of such agency to the extent necessary to investigate or respond to such terrorist incident, threat, or activity.

“(E) TERMINATION.—No disclosure may be made under this paragraph after December 31, 2003.”

(c) CONFORMING AMENDMENTS.—

(1) Section 6103(a)(2) is amended by inserting “any local law enforcement agency receiving information under subsection (i)(7)(A),” after “State,”.

(2) Section 6103(b) is amended by adding at the end the following new paragraph:

“(11) TERRORIST INCIDENT, THREAT, OR ACTIVITY.—The term ‘terrorist incident, threat, or activity’ means an incident, threat, or activity involving an act of domestic terrorism (as defined in section 2331(5) of title 18, United States Code) or international terrorism (as defined in section 2331(1) of such title).”

(3) The heading of section 6103(i)(3) is amended by inserting “OR TERRORIST” after “CRIMINAL”.

(4) Paragraph (4) of section 6103(i) is amended—

(A) in subparagraph (A) by inserting “or (7)(C)” after “paragraph (1)”, and

(B) in subparagraph (B) by striking “or (3)(A)” and inserting “(3)(A) or (C), or (7)”.

(5) Paragraph (6) of section 6103(i) is amended—

(A) by striking “(3)(A)” and inserting “(3)(A) or (C)”, and

(B) by striking “or (7)” and inserting “(7), or (8)”.

(6) Section 6103(p)(3) is amended—

(A) in subparagraph (A) by striking “(7)(A)(ii)” and inserting “(8)(A)(ii)”, and

(B) in subparagraph (C) by striking “(i)(3)(B)(i)” and inserting “(i)(3)(B)(i) or (7)(A)(ii)”.

(7) Section 6103(p)(4) is amended—

(A) in the matter preceding subparagraph (A)—

(i) by striking “or (5),” the first place it appears and inserting “(5), or (7),” and

(ii) by striking “(i)(3)(B)(i),” and inserting “(i)(3)(B)(i) or (7)(A)(ii),” and

(B) in subparagraph (F)(ii) by striking “or (5),” the first place it appears and inserting “(5) or (7),”.

(8) Section 6103(p)(6)(B)(i) is amended by striking “(i)(7)(A)(ii)” and inserting “(i)(8)(A)(ii)”.

(9) Section 6105(b) is amended—

(A) by striking “or” at the end of paragraph (2),

(B) by striking “paragraphs (1) or (2)” in paragraph (3) and inserting “paragraph (1), (2), or (3)”,

(C) by redesignating paragraph (3) as paragraph (4), and

(D) by inserting after paragraph (2) the following new paragraph:

“(3) to the disclosure of tax convention information on the same terms as return information may be disclosed under paragraph (3)(C) or (7) of section 6103(i), except that in the case of tax convention information provided by a foreign government, no disclosure may be made under this paragraph without the written consent of the foreign government, or”.

(10) Section 7213(a)(2) is amended by striking “(i)(3)(B)(i),” and inserting “(i)(3)(B)(i) or (7)(A)(ii),”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to disclosures made on or after the date of the enactment of this Act.

Amend the title so as to read: “An Act to amend the Internal Revenue Code of 1986 to provide tax relief for victims of the terrorist attacks against the United States, and for other purposes.”.

SA 2164. Mr. REID (for Mr. KERRY) proposed an amendment to the bill S. 174, to amend the Small Business Act with respect to the microloan program, and for other purposes; as follows:

At the end of the bill, add the following new section:

SEC. 3. MICROLOAN PROGRAM CORRECTION.

Section 7(m)(3)(F)(iii) of the Small Business Act (15 U.S.C. 636(m)(3)(F)(iii)) is amended by striking “\$7,500” and inserting “\$10,000”.

SA 2165. Mr. ALLARD submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the end of title I, insert:

SEC. ____ . REDUCTION IN CAPITAL GAINS RATES FOR INDIVIDUALS.

(a) IN GENERAL.—

(1) 10-PERCENT RATE REDUCED TO 7 PERCENT.—Subparagraph (B) of section 1(h)(1), as amended by section 101, is amended by striking “10 percent” and inserting “7 percent”.

(2) 20-PERCENT RATE REDUCED TO 15 PERCENT.—Subparagraph (C) of section 1(h)(1) is amended by striking “20 percent” and inserting “15 percent”.

(4) CONFORMING AMENDMENTS.—

(A) Section 57(a)(7) is amended—

(i) by striking “42 percent” and inserting “28 percent”, and

(ii) by striking the last sentence.

(B) Paragraph (1) of section 1445(e) is amended by striking “20 percent” and inserting “15 percent”.

(C) The second sentence of section 7518(g)(6)(A), and the second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936, are each amended by striking “20 percent” and inserting “15 percent”.

(b) REPEAL OF REDUCED RATES FOR QUALIFIED 5-YEAR GAIN.—

(1) IN GENERAL.—Section 1(h), as amended by section 101, is amended by striking paragraphs (2) and (9), by redesignating paragraphs (3) through (8) as paragraphs (2)

through (7), respectively, and by redesignating paragraphs (10) through (12) as paragraphs (8) through (10), respectively.

(2) CONFORMING AMENDMENTS.—Subparagraph (A)(ii) of section 1(h)(6), as redesignated by paragraph (1), is amended—

(A) in subclause (I) by striking “paragraph (5)(B)” and inserting “paragraph (4)(B)”, and

(B) in subclause (II) by striking “paragraph (5)(A)” and inserting “paragraph (4)(A)”.

(c) MINIMUM TAX.—

(1) IN GENERAL.—

(A) 10-PERCENT RATE REDUCED TO 7 PERCENT.—Subparagraph (B) of section 55(b)(3) is amended by striking “10 percent” and inserting “7 percent”.

(B) 20-PERCENT RATE REDUCED TO 15 PERCENT.—Subparagraph (C) of section 55(b)(3) is amended by striking “20 percent” and inserting “15 percent”.

(2) CONFORMING AMENDMENT.—Paragraph (3) of section 55(b) is amended in the matter following subparagraph (D) by striking “In the case of taxable years beginning after December 31, 2000, rules similar to the rules of section 1(h)(2) shall apply for purposes of subparagraphs (B) and (C).”.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided by paragraph (2), the amendments made by this section shall apply to sales or exchanges after the date of the enactment of this Act, in taxable years ending after such date.

(2) WITHHOLDING.—The amendment made by subsection (a)(3)(B) shall apply to amounts paid after the date of the enactment of this Act.

MICROLOAN PROGRAM IMPROVEMENT ACT OF 2001

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 55, S. 174.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 174) a bill to extend the Small Business Act with respect to the Microloan Program, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

AMENDMENT NO. 2164

Mr. REID. Mr. President, Senator KERRY has an amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] for Mr. KERRY proposes an amendment numbered 2164.

The amendment is as follows:

(Purpose: To correct a loan amount for purposes of the small business microloan program)

At the end of the bill, add the following new section:

SEC. 3. MICROLOAN PROGRAM CORRECTION.

Section 7(m)(3)(F)(iii) of the Small Business Act (15 U.S.C. 636(m)(3)(F)(iii)) is amended by striking “\$7,500” and inserting “\$10,000.”

Mr. KERRY. Mr. President, I am here today to urge passage of a bill to improve the U.S. Small Business Administration's Microloan Program, a program which makes an enormous difference to many aspiring entrepreneurs

through very small loans of up to \$35,000. The demand for these loans go up when the economy slows down and people lose their jobs or face reduced hours because they often start their own business or start a part-time venture to patch their income losses.

Senator SNOWE worked very closely with me to make this day happen. We wish to thank Senators BOND, WELLSTONE, CLELAND, LANDRIEU, HARKIN, LEVIN, LIEBERMAN, BINGAMAN, ENZI, KOHL, SNOWE, JOHNSON, DASCHLE, CONRAD, BURNS, INOUE, BAUCUS, and JEFFORDS for joining us and cosponsoring this bill.

Senator SNOWE and I have worked together many times on this program, pushing to make sure our country's smallest businesses have access to capital and business assistance. In this instance, we are bringing before the Senate changes that the Senate supported unanimously as part of its version of last year's SBA Reauthorization bill, but were not included by the House because they had not considered them in a hearing. This package of changes was reintroduced this year and supported unanimously by the Senate Small Business Committee. This bill amends the Small Business Administration's Microloan Program to make it more flexible to meet credit needs, more accessible to microentrepreneurs across the nation, and more streamlined for leaders to make loans and provide management assistance. The changes in this bill complement the program and technical changes made last year.

The program provides for microloans, of just \$10,000, on average, in order to allow many prospective entrepreneurs to realize their dream and start their own business. This provides them with financial independence and sometimes allows individuals to go from welfare to employment.

Let me just run through some of the provisions of the Microloan Program Improvement Act of 2001. First, it eliminates the requirement that SBA microloans be "short-term" loans. This change will give intermediaries greater latitude in developing microloan products because they will be able to offer their borrowers revolving lines of credit. It will also cut transaction costs for both the borrower and the microlender and will generally make it easier to fund these types of very small businesses.

Why are revolving lines of credit important? Because seasonal types of businesses really need revolving lines of credit instead of, for instance, a 90- or 120-day note. For example, if you are a building contractor or painter, you may need \$15,000 to front supplies and pay your workers because most clients only pay when the work is done. So, under the current scenario, if you were to borrow the \$15,000 from a microlender, you would pay back small payments at the 30 and 60 day markers.

The entire remaining balance would be due upon receipt of payment from your client. Then, when the next client came along, the borrower would have to enter into an entirely new loan transaction. Under the new scenario, a revolving line of credit would eliminate the need for a new loan transaction. The contractor would pay the debt upon receipt of payment from the first client and then simply write a check against his or her line of credit when the second client comes along. I would like to emphasize that our Committee does not intend for this flexibility to be used to make loans with long terms, such as 15 or 30 years.

I spent a lot of time describing that provision because I want people to understand the needs of these very tiny businesses and how SBA's credit programs evolve to meet the market. Of course, this legislation makes other small but important changes. It broadens the eligibility criteria for potential microintermediaries, which would allow more people to benefit from the program and stimulate the creation of additional new businesses to start up. This is accomplished by deeming intermediaries eligible if they have one year of equivalent experience rather than only actual experience in making loans to startup, newly established, or growing small businesses.

Third, this bill expands the program's flexibility for intermediaries to subcontract out technical assistance and offer pre-loan technical assistance. The bill eliminates the restriction on how much technical assistance funding an intermediary can use for pre-loan assistance and allows the intermediary to use its discretion to determine the appropriate amount. Currently, intermediaries are limited to using up to 25 percent of their funds to assist prospective borrowers. This change allows an intermediary to allocate as much technical assistance as appropriate. The bill also increases the percentage of technical assistance grant funds that an intermediary can use to subcontract out technical assistance. Currently, intermediaries can only subcontract 25 percent, and this legislation would raise it to 35 percent.

Finally, the bill establishes a new peer-to-peer mentoring program to help new intermediaries acquire the basic knowledge needed to run a business from experienced mentors. The bill will authorize up to \$1 million of annual appropriations for such purposes.

Support for the Microloan Program is not only bipartisan but nationwide—it has support from all parts of the country. By removing a number of barriers to entry, this bill will be a great advantage to new microintermediaries, who, in turn, will improve their ability to assist microentrepreneurs, thus, increasing the opportunities for the entrepreneurs, their businesses and their communities.

I urge my colleagues to support the Microloan Program Improvement Act of 2001.

Mr. REID. Mr. President, I ask unanimous consent that the amendment be agreed to; that the bill, as amended, be read a third time and passed, the motion to reconsider be laid upon the table without any intervening action, and that any statements relating thereto be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 2164) was agreed to.

The bill (S. 174), as amended, was read a third time and passed, as follows:

S. 174

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Microloan Program Improvement Act of 2001".

SEC. 2. MICROLOAN PROGRAM.

(a) IN GENERAL.—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) in paragraph (1)(B)(i), by striking "short-term,";

(2) in paragraph (2)(B), by inserting before the period "or equivalent experience, as determined by the Administration";

(3) in paragraph (4)(E)—

(A) by striking clause (i) and inserting the following:

"(i) IN GENERAL.—Each intermediary may expend the grant funds received under the program authorized by this subsection to provide or arrange for loan technical assistance to small business concerns that are borrowers or prospective borrowers under this subsection."; and

(B) in clause (ii), by striking "25" and inserting "35"; and

(4) in paragraph (9), by adding at the end the following:

"(D) PEER-TO-PEER CAPACITY BUILDING AND TRAINING.—The Administrator may use not more than \$1,000,000 of the annual appropriation to the Administration for technical assistance grants to subcontract with 1 or more national trade associations of eligible intermediaries, or other entities knowledgeable about and experienced in microlending and related technical assistance, under this subsection to provide peer-to-peer capacity building and training to lenders under this subsection and organizations seeking to become lenders under this subsection.".

(b) CONFORMING AMENDMENT.—Section 7(m)(11)(B) of the Small Business Act (15 U.S.C. 636(m)(11)(B)) is amended by striking "short-term,".

SEC. 3. MICROLOAN PROGRAM CORRECTION.

Section 7(m)(3)(F)(iii) of the Small Business Act (15 U.S.C. 636(m)(3)(F)(iii)) is amended by striking "\$7,500" and inserting "\$10,000".

TEACHING CHILDREN TO SAVE LIVES ACT

Mr. REID. Mr. President, I ask unanimous consent the Senate proceed to the immediate consideration of Calendar No. 224, S. 727.

The PRESIDING OFFICER. The clerk will report the bill by title.